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TREASURER FONG SELLS OF \$164 MILLION IN REFUNDING BONDS
"REFUNDING SAVES TAXPAYERS NEARLY \$12 MILLION"

SACRAMENTO--State Treasurer Matt Fong announced Monday, that Friday's sale of \$164 million in State Public Works Board refunding revenue bonds saved taxpayers \$11.6 million. While the treasurer announced the sale on Friday, details of the deal were made available today.

Two separate sales were conducted as part of the transaction, including the sale of \$143,000,000 lease revenue refunding bonds for California State University that will refinance and lower debt service costs on bonds previously issued on 17 separate facility leases within the 14-campus CSU system. The CSU issuance saved \$7.8 million in gross savings and garnered a True Interest Cost of 5.83%.

The sale took place Friday after the sale was postponed on September 4, due to deterioration in the bond market. However, the market improved and the state took advantage of the opportunity to refinance and lower interest costs.

Treasurer Fong said "We watched what was happening in the market and decided to take advantage, and save taxpayers approximately \$12 million."

The second issue was the sale of \$21,000,000 in lease revenue refunding bonds for the outstanding California Community Colleges 1991 term bonds. Proceeds from the sale will be used to lower interest payments on financed construction and seismic safety projects at 13 college campuses. Taxpayers saved \$3.8 million and the transaction received a TIC of 5.68%.

The bonds were sold in a negotiated sale by a team lead by senior underwriter Bear, Stearns & Co., Inc; co-senior managers J.P. Morgan Securities, Inc. and Prudential Securities Incorporated; and co managers Alex. Brown & Sons Incorporated, Great Pacific Securities, Inc., Emmett A. Larkin Company, Inc. and William E. Simon & Sons Municipal Securities Inc. The CSU issue was partially insured by AMBAC.

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